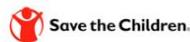




# BEIRUT MSME JOINT RAPID NEEDS ASSESSMENT

September 2020



# ACKNOWLEDGEMENTS

---

This assessment is a result of a joint effort led by Mercy Corps that included the following organizations:

- Mercy Corps
- Action Against Hunger (ACF)
- ACTED
- CARE International
- Danish Refugee Council (DRC)
- International Rescue Committee (IRC)
- Al Majmoua
- Oxfam
- Save the Children

Mercy Corps acknowledges that the production of this report would not have been possible without the efforts of all organizations involved. Analysis and reporting were led by Mercy Corps' Humanitarian Access Team with additional analysis by the Mercy Corps Lebanon team.

## Contents

<b>Acknowledgements</b>	<b>2</b>
<b>Introduction</b>	<b>4</b>
<b>Economic context</b>	<b>4</b>
<b>Methodology and business profiles</b>	<b>6</b>
Types and Sectors of MSMEs	7
Registration and Banking	8
Employee Profiles (Pre-Blast)	10
<b>The state of MSMEs after the blast</b>	<b>10</b>
Impact - Damage and Operationality	10
Severity of Damage to Physical Structure, Inventory, and Equipment	12
Establishment Size and Maturity Matter	13
Property Damage has an Unclear Relationship with Reopening Plans	17
The Inability to Afford Rent	20
Assistance Modalities	20
<b>Recommended areas of intervention</b>	<b>23</b>
Potential Points of Intervention	24

# INTRODUCTION

---

On August 4th, a cache of 2,750 tons of ammonium nitrate warehoused in the port of Beirut detonated at 6:07 pm, killing at least 191 people, injuring over 6,500, and destroying over 40,000 buildings.<sup>1</sup> The explosion registered as a 3.3 magnitude earthquake on the Richter scale, with the effects being felt and heard miles beyond the blast site<sup>2</sup>. Over 300,000 people were displaced and 200,000 homes were destroyed, prompting a significant humanitarian response. Subsequent large demonstrations protesting government negligence prompted the Government to resign on August 10th, 2020.

## ECONOMIC CONTEXT

---

Lebanon is currently dealing with multiple and combined crises: an economic and financial crisis, a humanitarian crisis caused by an unprecedented influx of refugees displaced from Syria, the COVID-19 pandemic, and, more recently, the Port of Beirut explosion.

The growth of the Lebanese economy slowed over the past decade, and, since October 2019, the country has fallen into an economic crisis that has precipitated stark currency devaluation, significant price increases, job losses and business closures on a colossal scale nation-wide. Inflation picked up as the end of 2019 and recorded a cumulative 90 percent increase in June 2020 compared to October 2019<sup>3</sup>.

A significant proportion of businesses in Lebanon are part of the informal economy; not registered with government authorities, not covered or protected by the law or any form of public support structures, and typically low-income generating.

The Syrian Civil War has had devastating economic effects that have rippled beyond its borders and spilled over into its neighboring countries. Lebanon's trade has been particularly affected, as it was one of the main channels to have been influenced; causing the deceleration of the growth of the Lebanese economy since the beginning of said conflict<sup>4</sup>. Real GDP growth dropped from an average of 5.4% between 2000 and 2010 to an average of 0.5% from 2011 to 2019<sup>5</sup>; further,

---

<sup>1</sup> <https://disasterphilanthropy.org/disaster/beirut-explosion/>

<sup>2</sup> <https://www.nationalgeographic.com/science/2020/08/deadly-history-ammonium-nitrate-explosive-linked-to-beirut-blast/>

<sup>3</sup> <https://blog.blominvestbank.com/37751/lebanons-inflation-rate-surged-to-89-74-in-june-2020/>

<sup>4</sup> <https://www.worldbank.org/en/country/lebanon/publication/the-impact-of-the-syrian-conflict-on-lebanese-trade>

GDP has contracted in 2018 and 2019, and will surely continue shrinking in 2020 (up to 12%<sup>6</sup>) due to the added consequences of COVID-19. More specifically, the civil war in Syria continues to disrupt trade to one of Lebanon's primary export markets.

In October 2019, Prime Minister Saad Hariri resigned amidst widespread protests over austerity measures created to fulfill failed debt obligations, which prompted international financial monitors to lower the country's credit and foreign-currency rating. During the first half of 2020, the inflation rate stood at 38.79%<sup>7</sup>, then drastically increased to reach 89.74% in June, and then soared to 112.39% in July 2020<sup>8</sup>. The official USD exchange rate remains pegged to the dollar at around 1500 LBP by the Central Bank of Lebanon; however, black market exchange rates for the Lebanese pound drastically depreciated by 80% from October 2019 to July 2020, prompting banks to implement restrictive policies on withdrawals to limit a run on the banks<sup>9 10 11</sup>. The COVID-19 pandemic and subsequent lockdown placed another crisis on top of the existing troubled economic situation by forcing businesses to temporarily cease operations, placing more pressure on public budgets, and prompting high levels of inflation. With less accessibility to credit, decreasing demand, and as household incomes declined -- with the middle class contracting from 57% of the population to 40% of the population in 2020<sup>12</sup> -- the accumulating effects of these crises have caused many businesses to close permanently. Subsequently, the national poverty rate increased by 27% between 2019 (28%) and 2020 (55%)<sup>13</sup>, leaving more than half the population trapped in poverty and struggling to access the most basic needs.

The impact of the Beirut port blast has further exacerbated the decline of the economy, which has caused more business closure and economic contraction. While all sectors have been affected, Beirut's significant tourism sector has been especially damaged due to perceived insecurity and the location of many hotels and tourism-related businesses near the blast site. Additionally, several countries have issued warnings against traveling to Lebanon, due to

---

<sup>5</sup> <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2019&locations=LB&start=2000>

<sup>6</sup> <https://www.annahar.com/english/article/1166569-imf-projects-lebanons-economy-will-shrink-12-in-2020>

<sup>7</sup> <https://blog.blominvestbank.com/37751/lebanons-inflation-rate-surged-to-89-74-in-june-2020/>

<sup>8</sup> <https://tradingeconomics.com/lebanon/inflation-cpi>

<sup>9</sup> <https://english.alarabiya.net/en/features/2020/07/25/As-Lebanon-enters-hyperinflation-the-black-market-currency-exchange-has-many-faces>

<sup>10</sup> <https://www.reuters.com/article/lebanon-crisis-pound-banks/lebanese-banks-set-rate-of-3000-pounds-per-dollar-for-withdrawals-from-dollar-accounts-sources-idUSL5N2CF3VJ>

<sup>11</sup> <https://english.alarabiya.net/en/business/economy/2020/07/06/Lebanon-central-bank-sets-new-exchange-rate-for-essential-food-industries#:~:text=The%20Lebanese%20pound%20has%20lost,dollar%2C%20the%20central%20bank%20said.>

<sup>12</sup> UNESCWA Policy Brief #15, 2020

<sup>13</sup> <https://www.unescwa.org/news/Lebanon-poverty-2020>

COVID-19, crime, terrorism, armed conflict, civil unrest, and others, with the danger level ranging between 3 and 5/5, furthering the country's economic struggles.<sup>14</sup>

## METHODOLOGY AND BUSINESS PROFILES

---

Mercy Corps and eight partners (ACF, ACTED, CARE, DRC, IRC, Al Majmoua, Oxfam, and Save the Children) assessed micro, small and medium-sized enterprises<sup>15</sup> (MSMEs) across the blast affected areas of Beirut to learn about business decisions after experiencing property damage and within the broader troubled economic contexts. The survey consisted of **1,164 business owners across 21 neighborhoods** in Beirut. Map 1 below shows the geographic distribution of the sample. The survey included blanket coverage of MSMEs with apparent damage as a result of the blast in targeted neighborhoods.

The survey consisted of information on owner and employee profiles, an overview of the business, including financial information, current functionality, structural damage (as observed by the enumerator), rebuilding needs, means of assistance, and future plans.

The overwhelming majority of surveyed MSMEs are very small, with **96% employing fewer than 10 people**. However, the small proportion (4%) of surveyed larger establishments (>10 employees) represent 42% of total employment in the assessment. **97% of surveyed businesses are Lebanese-owned. 19% of surveyed businesses are owned by women.**

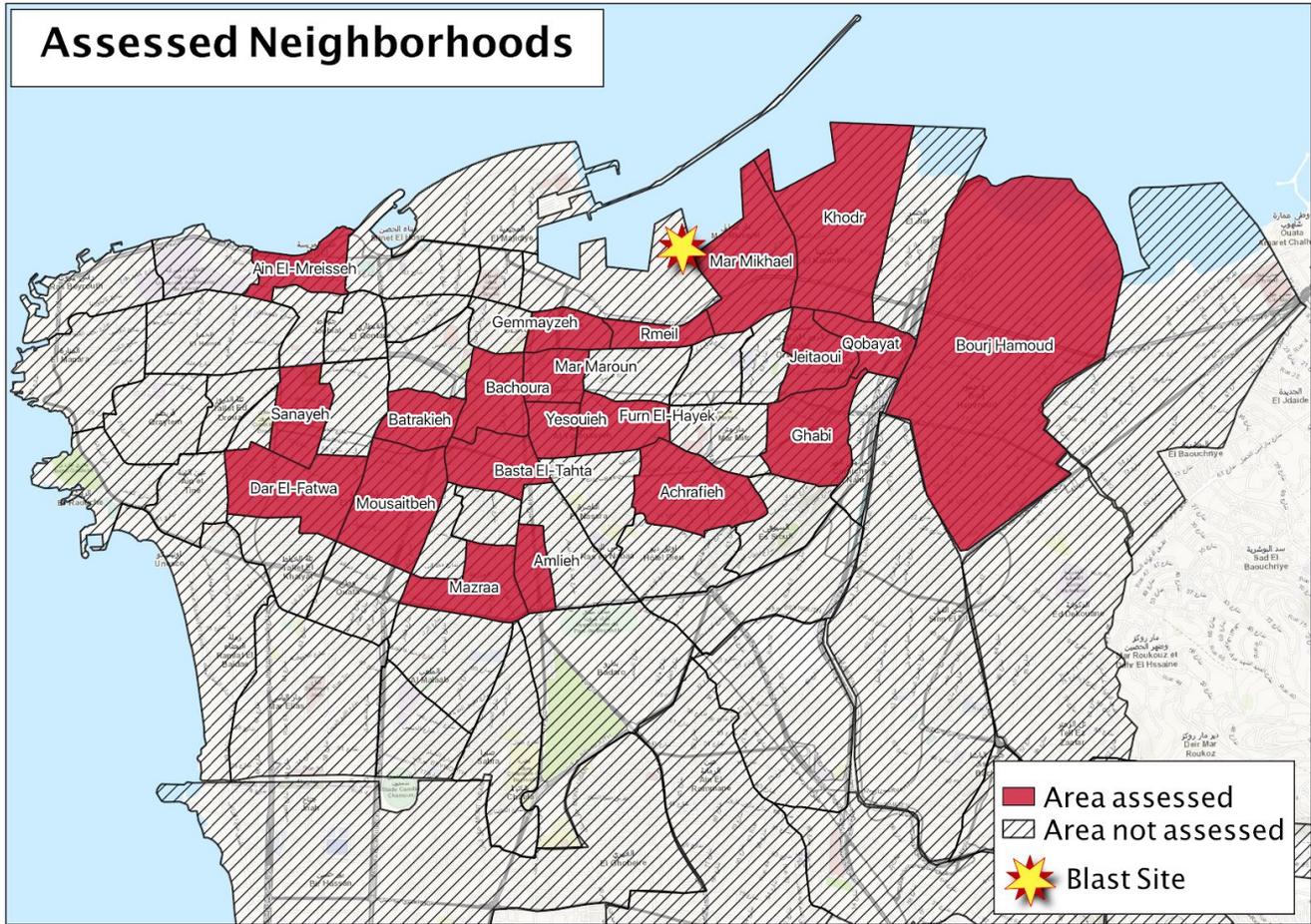
Less than 3% of businesses surveyed were Syrian-owned, with the majority of Syrian-owned businesses falling in the smaller category (businesses with fewer than 10 employees).

Notably, about half of very small female-owned businesses are unregistered (i.e., informal), compared to only 31% of very small male-owned businesses; therefore, any efforts to aid informal businesses will need to involve larger proportions of female business owners.

---

<sup>14</sup> <https://www.reisewarnung.net/en/lebanon>

<sup>15</sup> In Lebanon, a micro enterprise is defined as an enterprise that employs up to 9 people, a small enterprise employs 10-49, and a medium enterprise employs 50-99.



Map 1. Neighborhoods where MSMEs were assessed.

## Types and Sectors of MSMEs

A majority of assessed MSMEs operated in the retail and services sector, followed by the food sector (such as small snack shops), grocery shops, maintenance and repairs, hospitality, and utilities.

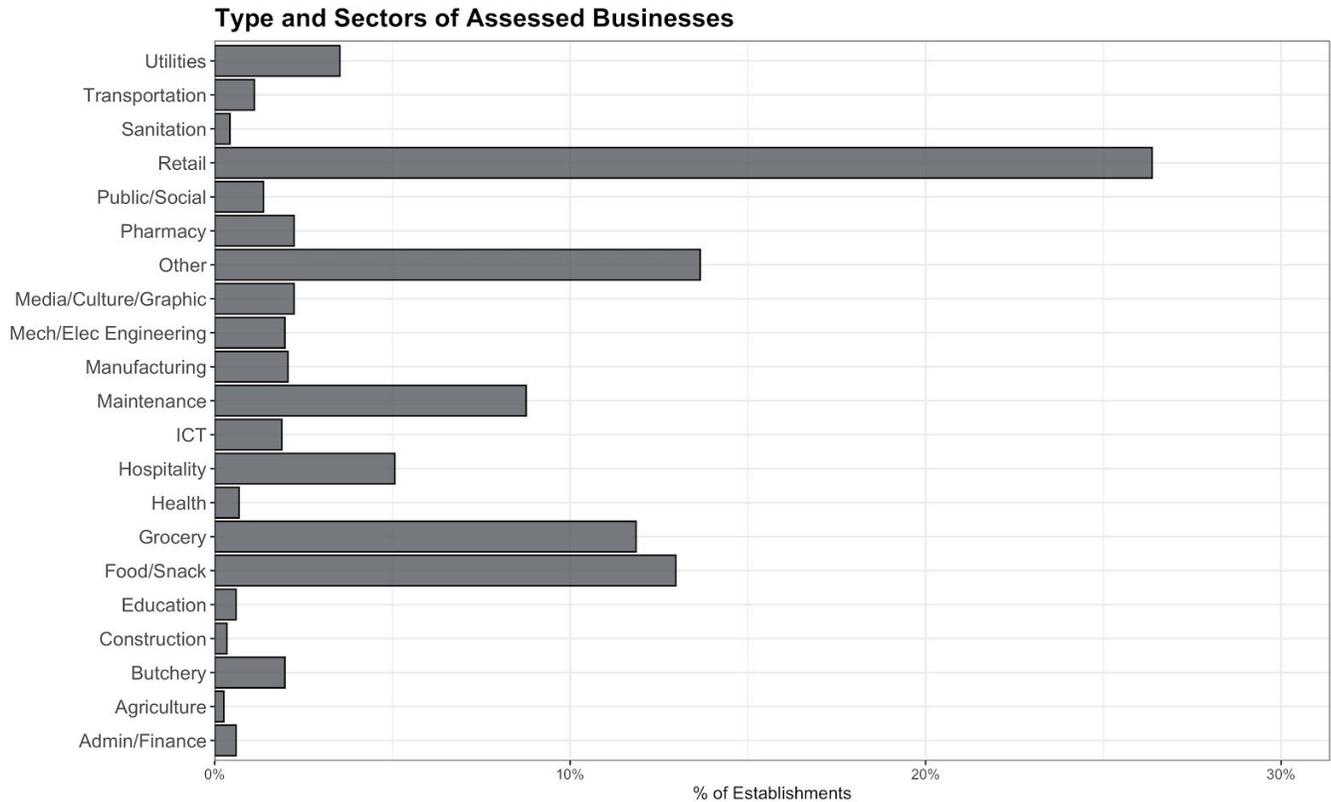


Figure 1. Distribution of surveyed MSME sectors

## Registration and Banking

The majority of surveyed businesses were formally registered (66%), with 34% unregistered. When analyzing registration against the gender of business owners, as shown in Figure 2, women were found to be more likely to own informal businesses than men.

**Eighty-three percent of surveyed businesses did not use enterprise bank accounts to process business transactions:** 66% percent of surveyed businesses reported not possessing a bank account at all, while 17% reported utilizing personal bank accounts, with no enterprise accounts, for business transactions.

### Business Registration

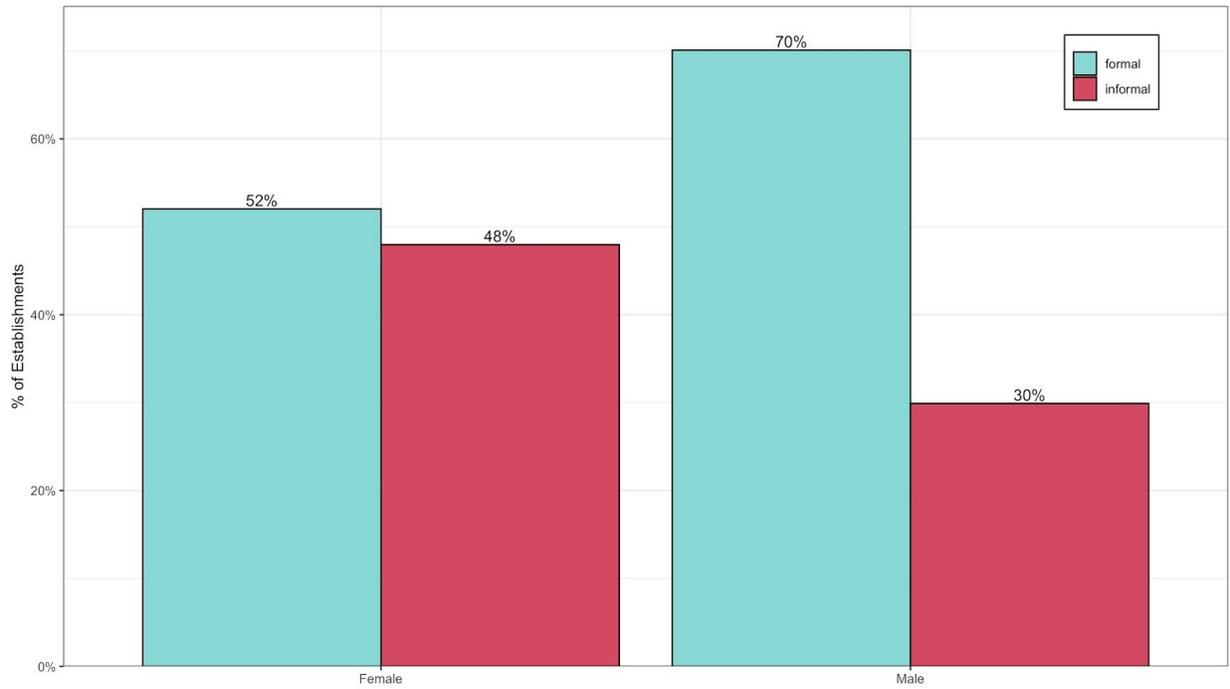


Figure 2. Business registration by sex of owner

### Bank accounts used

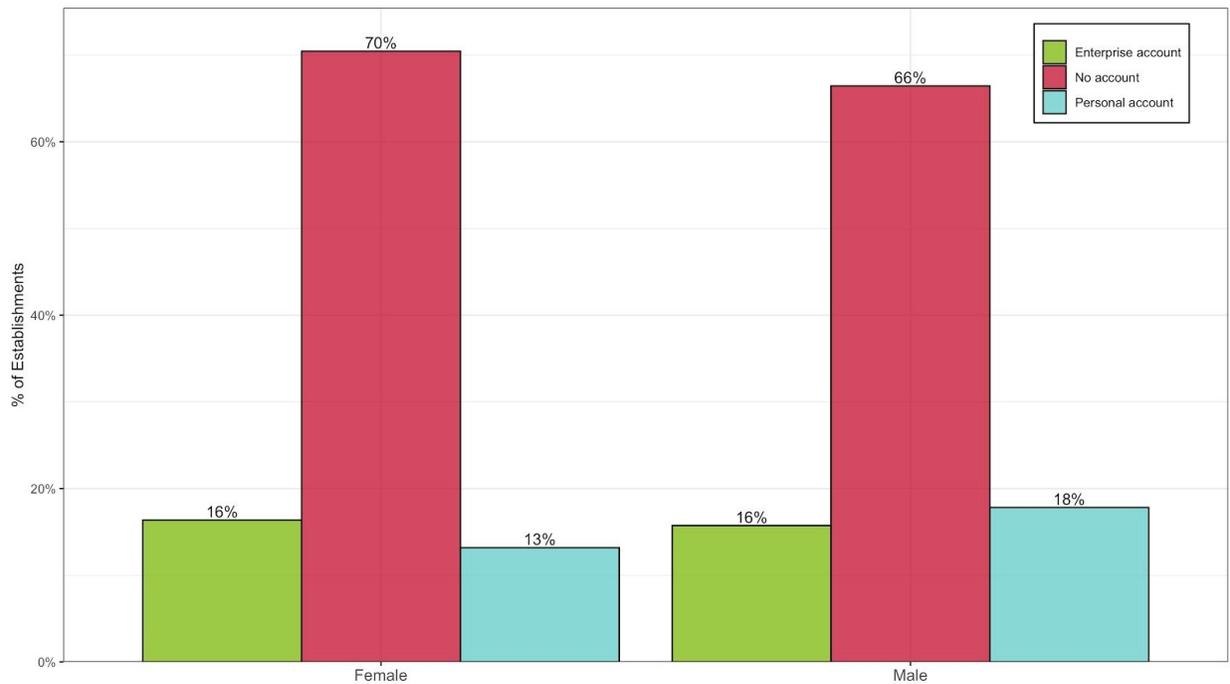


Figure 3. Usage of bank account to pay for business expenses by sex of owner. No major differences are noted between male and female business owners.

## Employee Profiles (Pre-Blast)

On average, the surveyed businesses employ more male than female employees. **Bigger businesses are more likely to employ men than women.**

Eighty-one percent of businesses had a majority of male employees. Among the businesses with more than one employee (58% of total businesses), only 29% had a majority of women employees, with most of these businesses being in the retail sector.

Fifty-eight percent of businesses reported employing at least one person, with **3.7 employees on average**. The majority of these employees are men, with 2.6 male employees on average compared to 1 female employee. Lebanese also represented the vast majority of these employees, numbering 2.7 on average compared to 0.6 Syrians and negligible numbers of other nationalities on average. **Businesses that do employ Syrians tend mostly to be within the food and retail sectors.**

The vast majority of employees in the surveyed businesses are Lebanese, with less than 2% being Syrians. Employment of Palestinians was almost non-existent. The average number of non-Lebanese employed remains almost the same regardless of business size, while employment of Lebanese men, in particular, increases with business size.

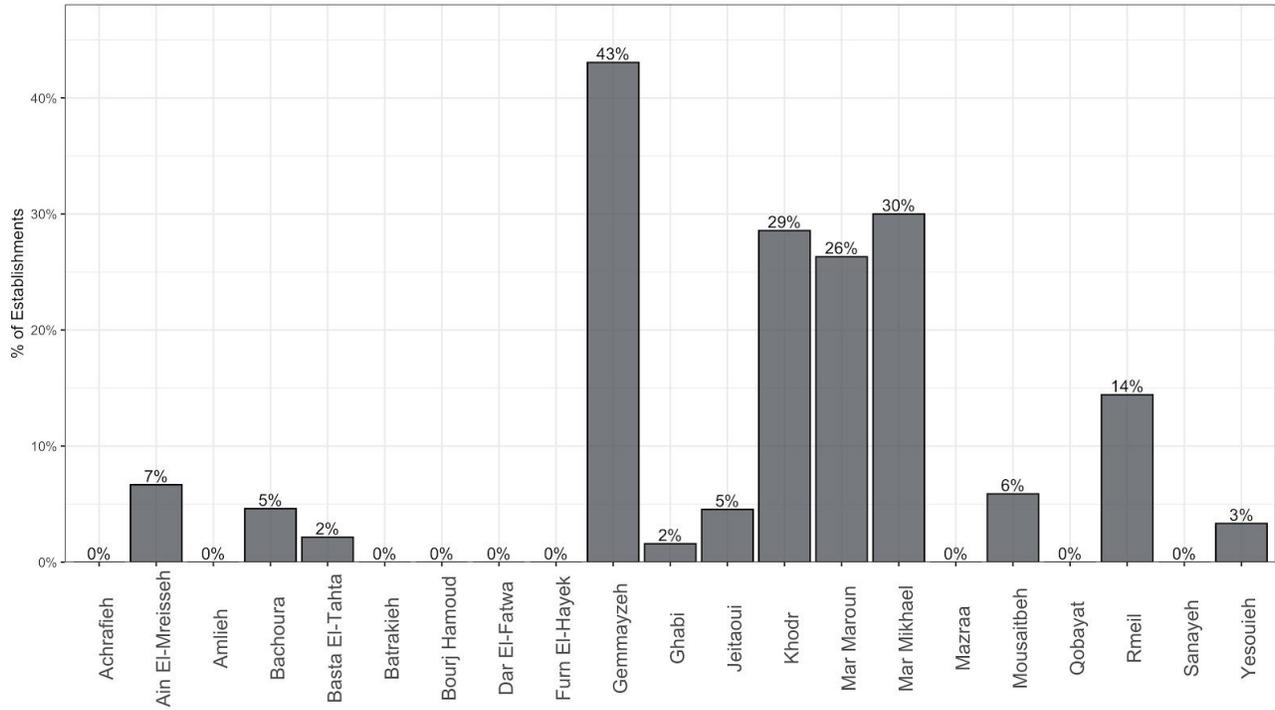
## THE STATE OF MSMEs AFTER THE BLAST

---

The results of the analysis concluded three key findings: 1. **Business survival is contingent on establishment size and age;** 2. **Property damage from the blast does not have a clear relationship with resumption of operations;** 3. **Cash is generally preferred assistance modality.**

### Impact - Damage and Operationality

**Proportion of establishments with severe or major building damage**



**Proportion of building attributes with major or severe damage by functionality**

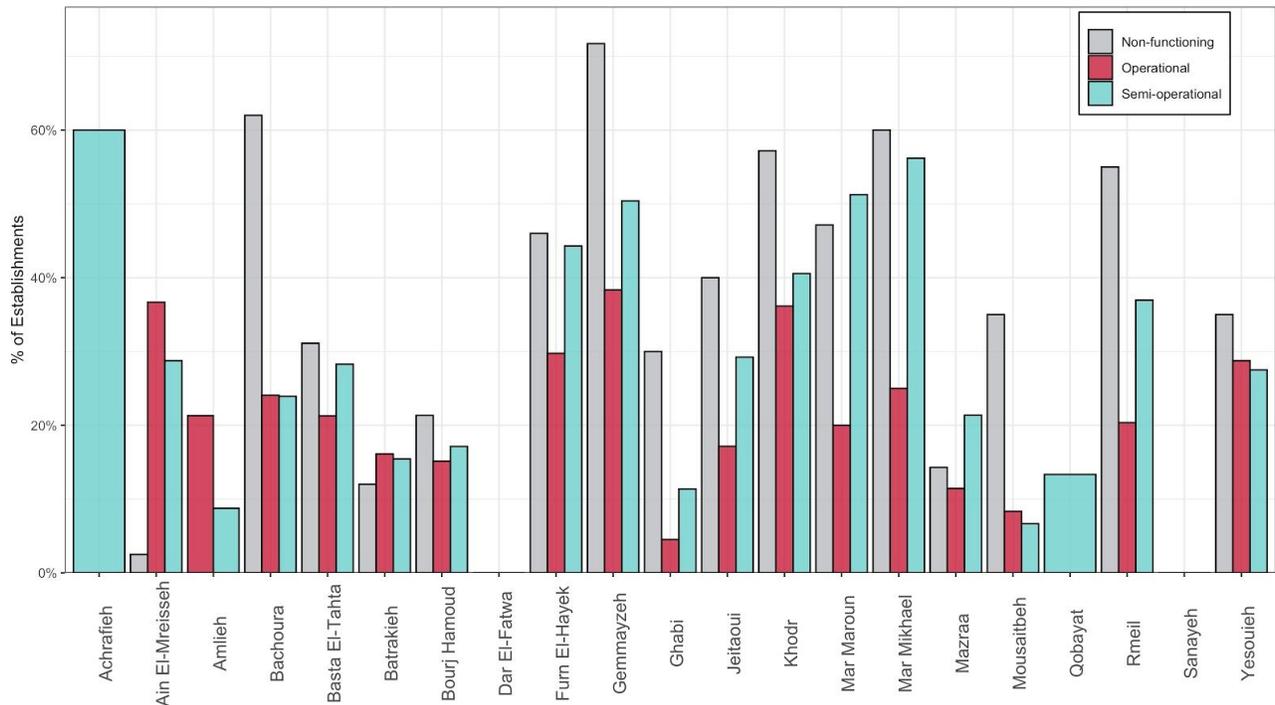


Figure 4a. Neighborhoods showing severe damage to building attributes (at least two-thirds of building attributes displaying severe or major damage)

Figure 4b. Business operability by neighborhood

Analysis of future plans for the severely damaged businesses in the targeted neighborhoods reveals that the higher the level of damage in the area, the higher the number of inoperable businesses.

Businesses in areas with the most damage (i.e. Gemmayzeh, Khodr, Mar Maroun, Mar Mikhael, Rmeil, Bourj Hammoud/Karantina) were generally found to be less operational<sup>16</sup>. Businesses in areas with less damage, such as Dar El-Fatwa and Sanayeh areas, were found to be semi-operational following the blast.

However, in some neighborhoods that experienced severe damage, such as Achrafieh, Qobayat (Beirut), and Mar Mikhael, a comparatively larger proportion of businesses were found to be semi-operational or operational. This may be due to the fact that these neighborhoods are comparatively wealthier than other highly damaged neighborhoods, with business owners in the area having had more access to resources to resume operations at the time of the assessment.

## Severity of Damage to Physical Structure, Inventory, and Equipment

Fifty-six percent of businesses experienced damage to their inventory (45% had minor and major damage to their products and inventory, and 11% reported completely destroyed inventory).

Sixty-six percent of businesses did not experience any damage to their equipment, while almost 25% had either minor or major damage to their equipment and 9% reported completely destroyed equipment.

Other damage included electric wiring and power outages (29% of businesses) and inability to access running water (33% of businesses).

---

<sup>16</sup> Operability of businesses was split into 3 categories: 1) Operational: Currently functioning with only minimal loss of efficiency. More or less full capacity of pre-blast state (though with obvious visual damage); 2) Semi-operational: Business is functioning, but at much reduced capacity (at half or less); and 3) Non-Functioning: Damage is so severe that it cannot be used for business at all.

### Severity of damage to infrastructure

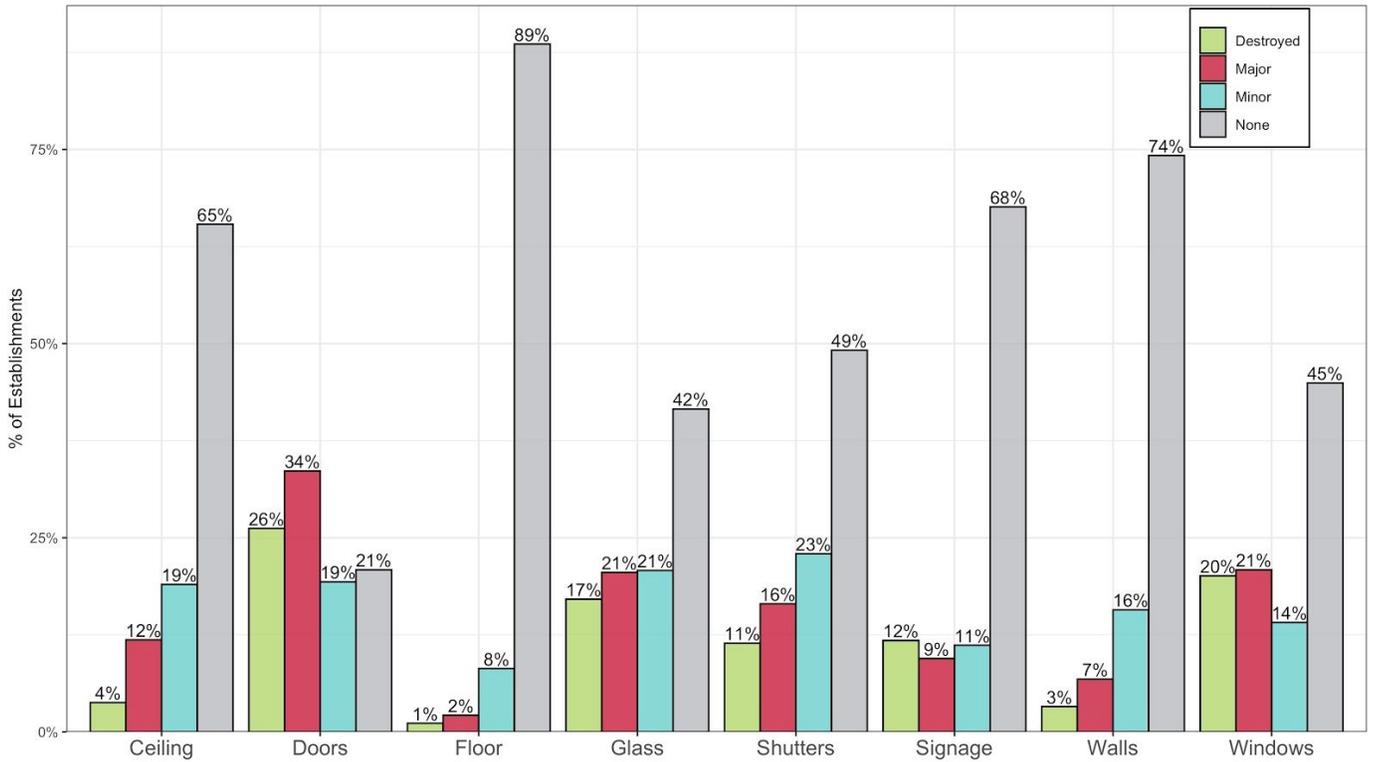


Figure 5. Severity of damage to infrastructure. The graph shows the extent to which the physical structure of the surveyed businesses was damaged. Most damage included shattered interior glass and unhinged doors, with windows and shutters widely reported as having been damaged. Floors, ceilings, walls and signage were the least damaged by the blast.

## Establishment Size and Maturity Matter

The ability of a business to raise capital and cope with demand shocks is positively related to employment size. Small establishments rely on bank loans rather than direct lines of credit<sup>17</sup> or the issuance of equity; therefore, small businesses are especially sensitive to higher interest rates during credit crunches. Further, depressed demand especially hurts small businesses because of their weaker ability to absorb revenue losses, which inhibits the ability of cost of reinvestment in the business and inventory maintenance.

<sup>17</sup> A direct line of credit (LoC) is a preset borrowing limit that can be used at any time. The borrower can take money out as needed until the limit is reached, and as money is repaid, it can be borrowed again in the case of an open line of credit. The main advantage of the LoC is its built-in flexibility, as borrowers can request a certain amount but don't have to use it all. Moreover they can tailor their spending on the LoC to their needs and owe interest only on the amount they draw, not on the entire credit line. In addition, borrowers can adjust their repayment amounts as needed, based on their budget or cash flow.

These facts are reflected in the results. A **larger proportion (+9%) of smaller establishments (<10 employees) plan to close or have uncertain reopening plans** than larger enterprises; further, **7% more smaller establishments are planning to reopen slowly or relocate** than larger establishments.

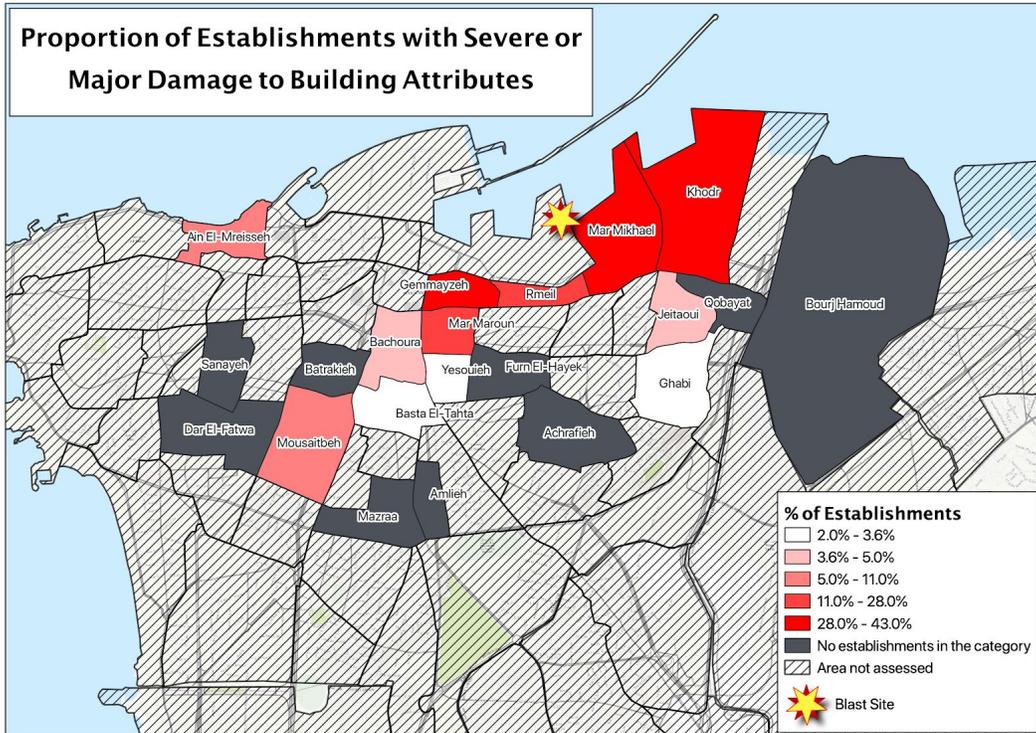
Young establishments also tend to close at a higher rate than mature businesses during economic downturns for similar reasons to smaller-sized businesses; that is, their lack of credit options and inability to absorb revenue losses.

The survey lists five different options for business intentions: (1) Resume as soon as possible (ASAP); (2) Rebuild slowly; (3) Re-open in a new location; (4) Close down; and (5) Unsure. The proportion of establishments 2 to 10 years old that plan to close or have uncertain reopening plans is 8% more than establishments in the age group that are rebuilding slowly and 12% more than businesses resuming operations. Conversely, the proportion of establishments aged 20 to 50 years old that are planning to close is 8% lower than those planning to immediately resume operations or reopen slowly. This reveals that older businesses are less likely to close down and more likely to re-launch operations than more recently-established ones.

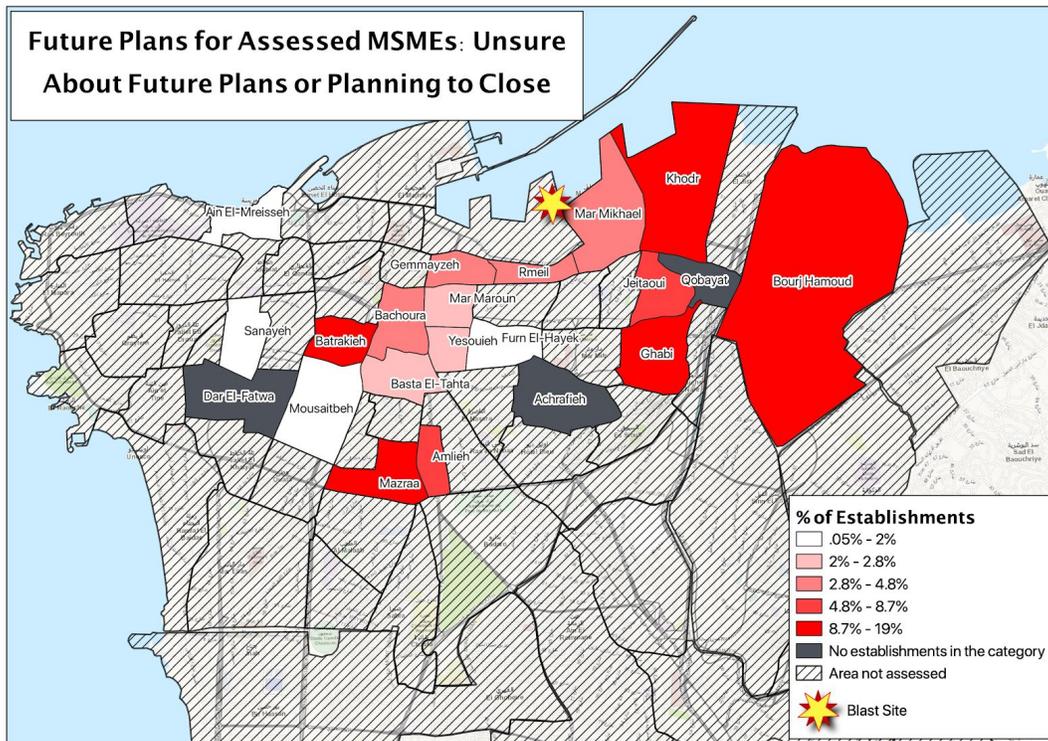
Establishment size and age also correlate with future intentions; that is, a much higher proportion (+19%) of larger 'very young' establishments ( $\geq 10$  employees;  $\leq 2$  years old) are planning to close or have uncertain reopening plans, compared to very young smaller establishments. Further, the proportion of larger businesses in the 2 to 5 years old age category that are planning to close or having uncertain reopening plans is 6% higher than that of smaller businesses in the same age category. However, smaller establishments close at a significantly higher rate than larger establishments as establishment age increases.

Registration status also plays a role in an enterprise's future plans. 10% more informal/unregistered establishments plan to close or have uncertain reopening plans than formal/registered enterprises.

The **future plans of establishments were generally evenly-distributed among male and female-owned businesses**, regardless of establishment size or maturity. Gender-specific differences exist but trends are not discernible. For example, 11% more female-owned businesses 5 to 10 years old plan to close than male-owned businesses in the same age group; conversely, 7% more male-owned businesses 5 to 10 years old are planning to close than female-owned businesses in the same age group.



Map 2. Proportion of establishments with major or severe building damage. Note that the highest levels of damage are around the blast site.



Map 3. Proportion of establishments planning to close or with uncertain future plans.

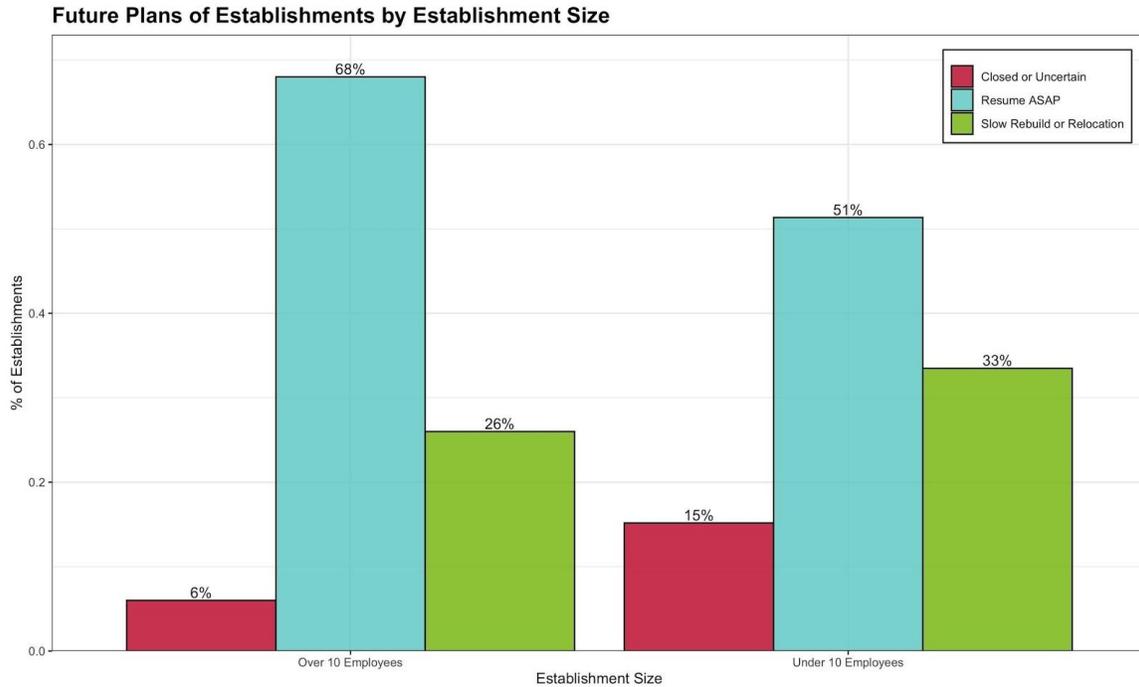


Figure 6. Future plans of the surveyed businesses. Note that 9% more smaller MSMEs plan to close or have uncertain future plans more than larger MSMEs.

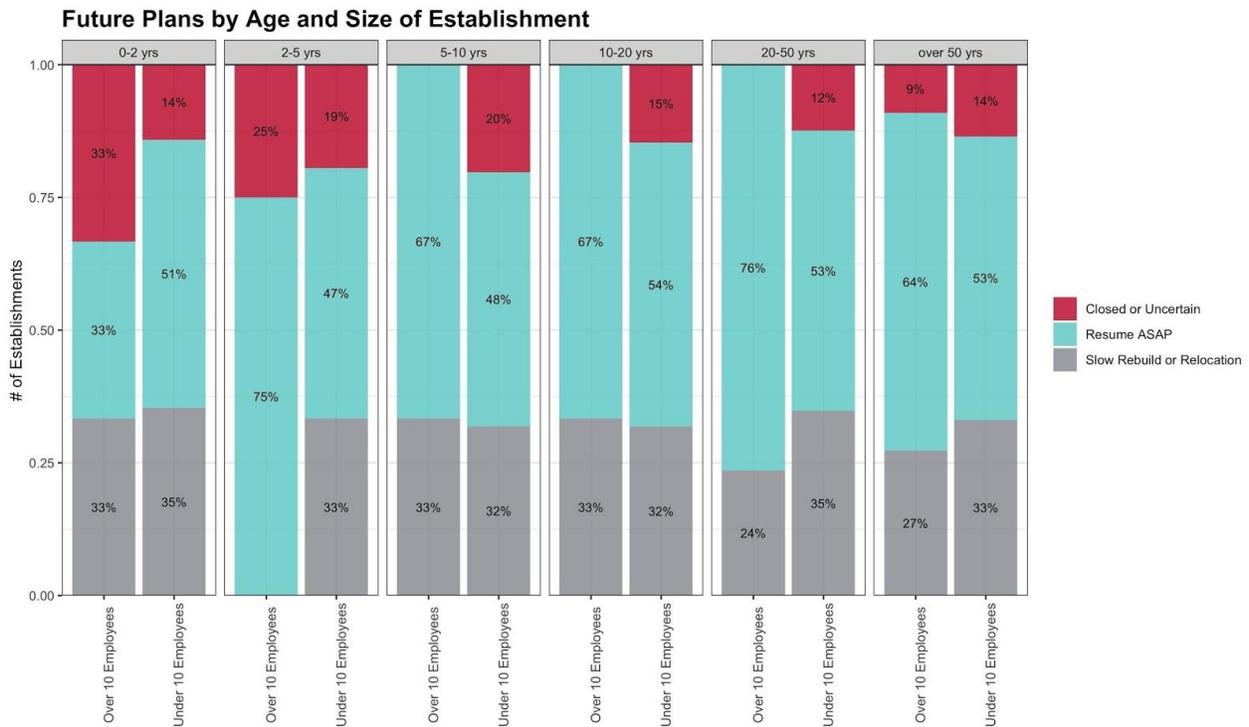


Figure 7. Future plans and age of establishment. Note that a much higher proportion of larger young MSMEs (>10 employees; <5 years old) plan to close or have uncertain future plans (29%) than smaller young MSMEs (~16%).

## Property Damage has an Unclear Relationship with Reopening Plans

Property damage was recorded for all surveyed businesses, covering observations of damage to windows, doors, shutters, walls, ceilings, floors, indoor glass inventory, and equipment. Business owners were also asked to describe the operability of their businesses, with three different categories of operability: (1) Operational; (2) Semi-operational; and (3) Non-functioning<sup>18</sup>.

Property damage has a variable relationship with future business plans. The proportion of businesses planning to close or with uncertain reopening plans are relatively even among the establishments deemed operational, semi-operational, or non-functioning. However, a noticeably higher proportion (+12%) of non-functioning establishments are planning to close or have uncertain reopening plans, compared to those planning to reopen.

**Property damage did not appear to directly correlate with the future plans of small establishments;** however, it did correlate positively with delays in the time needed to reopen larger establishments. A much higher percentage of establishments (+20%) with heavy property damage planned to reopen slowly, compared to the proportion among establishments with less property damage; however, **property damage did not relate to the proportion of establishments planning to close or with uncertain reopening plans. Damage to equipment or inventory did not impact reopening plans among smaller establishments;** however, the proportion of these establishments planning to slowly rebuild or relocate increased with the level of inventory and equipment damage, denoting a slowdown in completion of the repair process.

---

<sup>18</sup> Operability of businesses was split into 3 categories: 1) Operational: Currently functioning with only minimal loss of efficiency. More or less full capacity of pre-blast state (though with obvious visual damage); 2) Semi-operational: Business is functioning, but at much reduced capacity (at half or less); and 3) Non-Functioning: Damage is so severe that it cannot be used for business at all.

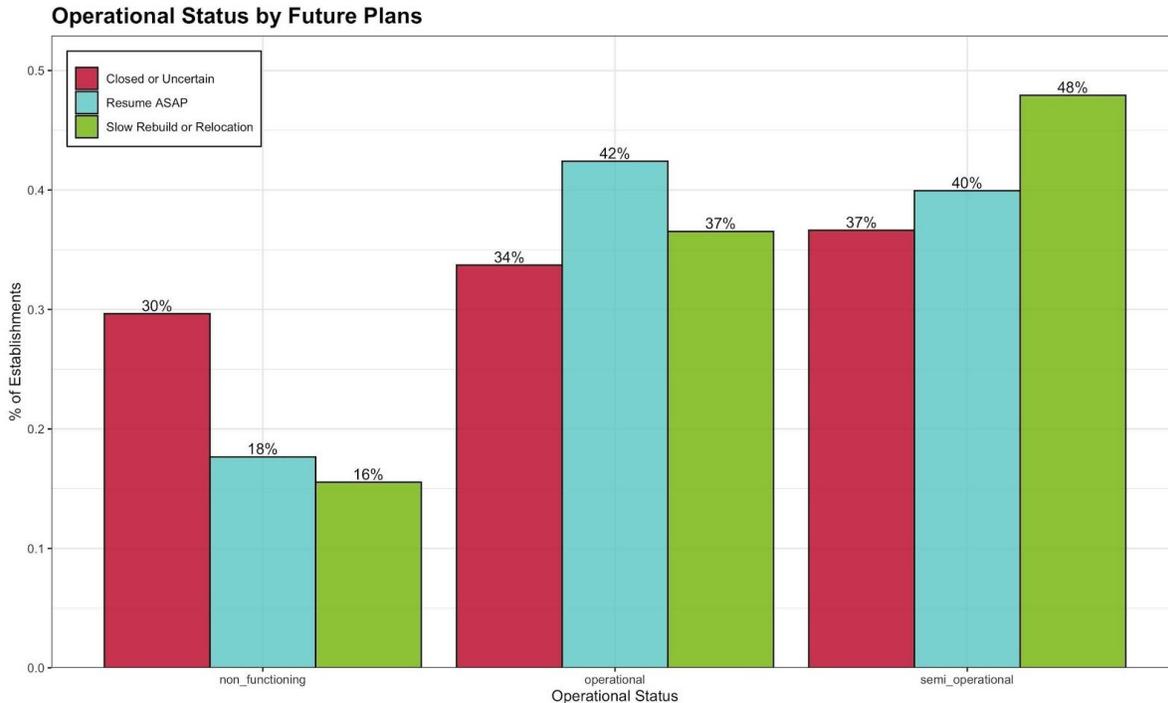


Figure 8. Operational status by future plans. Note, the proportion of establishments planning to close or with uncertain future plans exhibit similar levels of functionality; however, a much higher proportion of non-functioning establishments plan to close, compared to MSMEs planning to reopen.

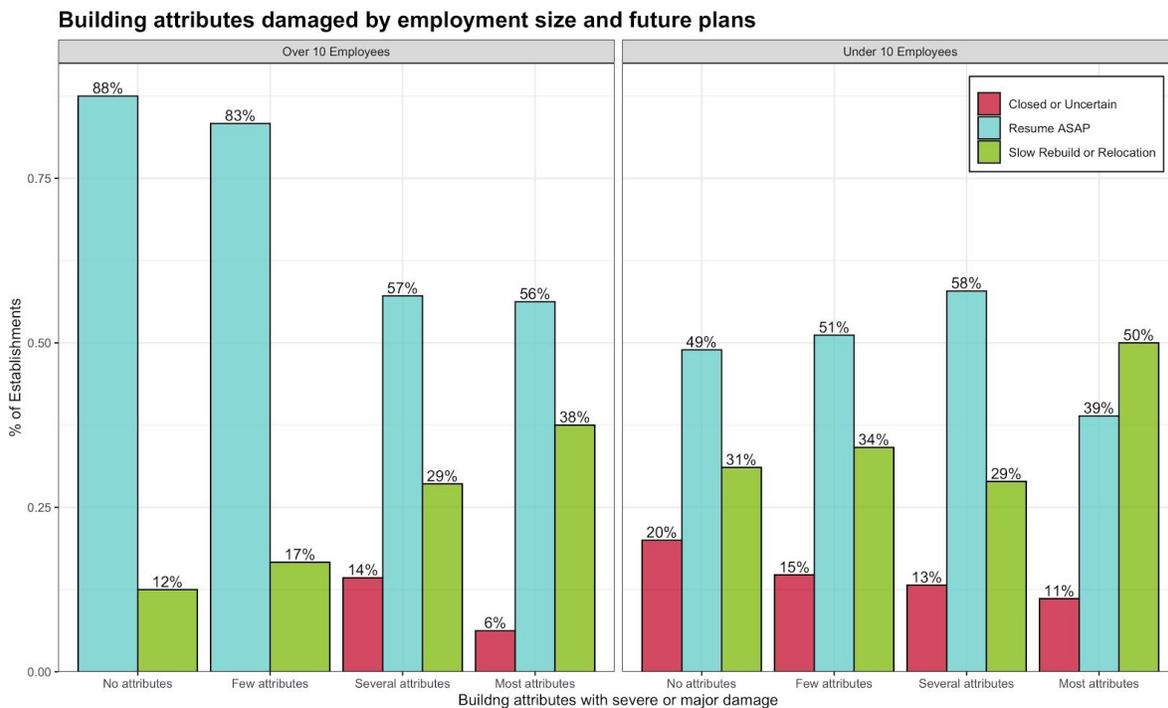


Figure 9. Damage to building attributes by size and future plans. Note, the level of damage does not relate to the proportion of smaller establishments planning to close; however, the proportion of establishments planning a slower rebuild increases as the level building damage worsens.

**Future Plans among Establishments with major or severe damage to inventory**

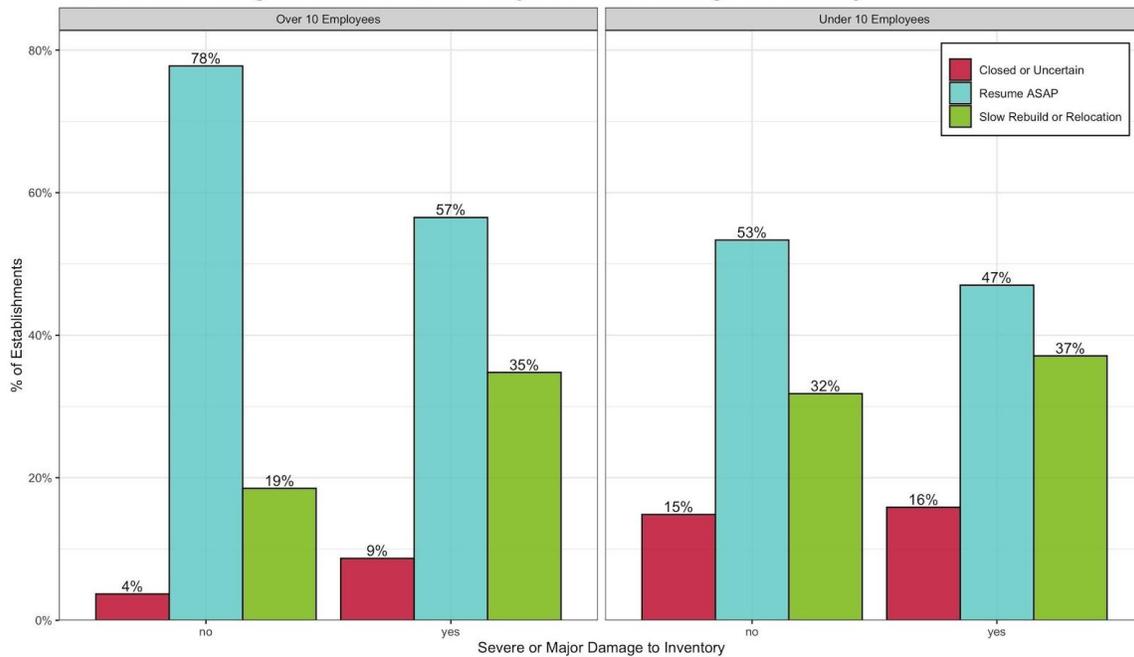


Figure 10. Damage to inventories and future plans; note, a relatively even proportion of smaller establishments plan to close, regardless of the damage to their inventories. However, 16% more larger MSMEs with equipment damage will slowly rebuild than larger MSMEs with less equipment damage.

**Future Plans among Establishments with major or severe damage to equipment**

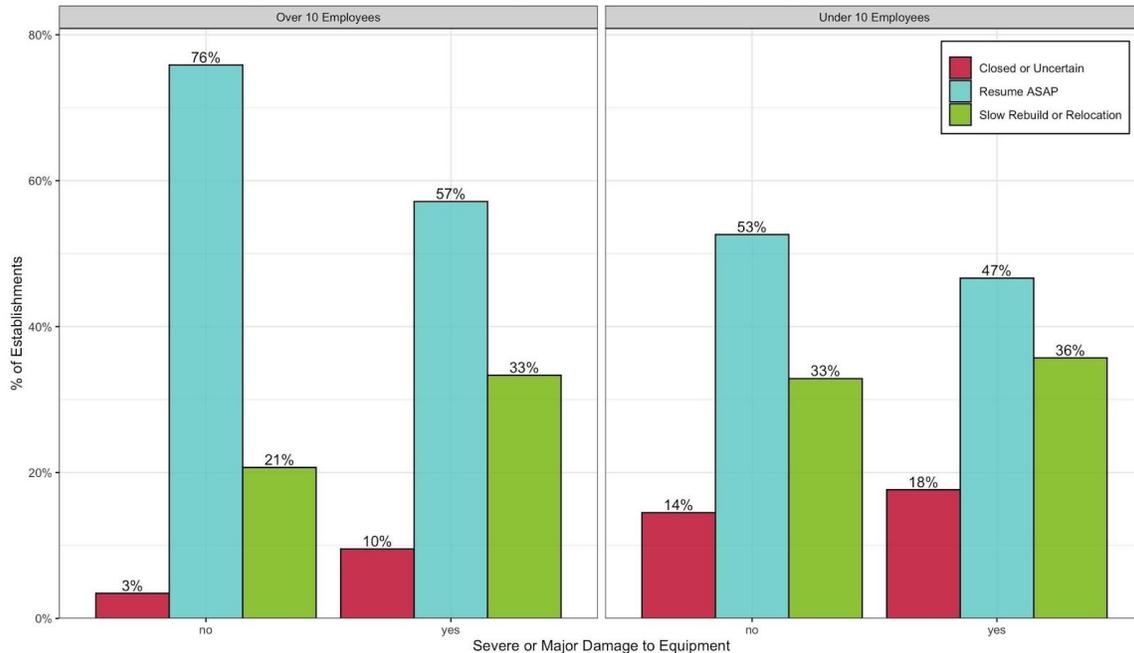


Figure 9. Damage to equipment and future plans; note, a relatively even proportion of smaller establishments plan to close (18%; 14%), regardless of the level of equipment damage. However, 12% more larger MSMEs with equipment damage will slowly rebuild than larger MSMEs with less equipment damage.

# The Inability to Afford Rent

Among the businesses whose premises are rented (75% of total businesses), **79% are unable to afford their rental costs** following the blast. Smaller establishments that are planning to close or with uncertain future plans reported an inability to pay rent at a much higher rate (+20%) compared to their other small businesses who are planning to reopen. Among larger establishments, similar proportions of establishments planning to close or with uncertain reopening plans and those planning to reopen slowly or relocate reported similar troubles to pay rent, indicating the inability to pay produces more varied outcomes among larger establishments.

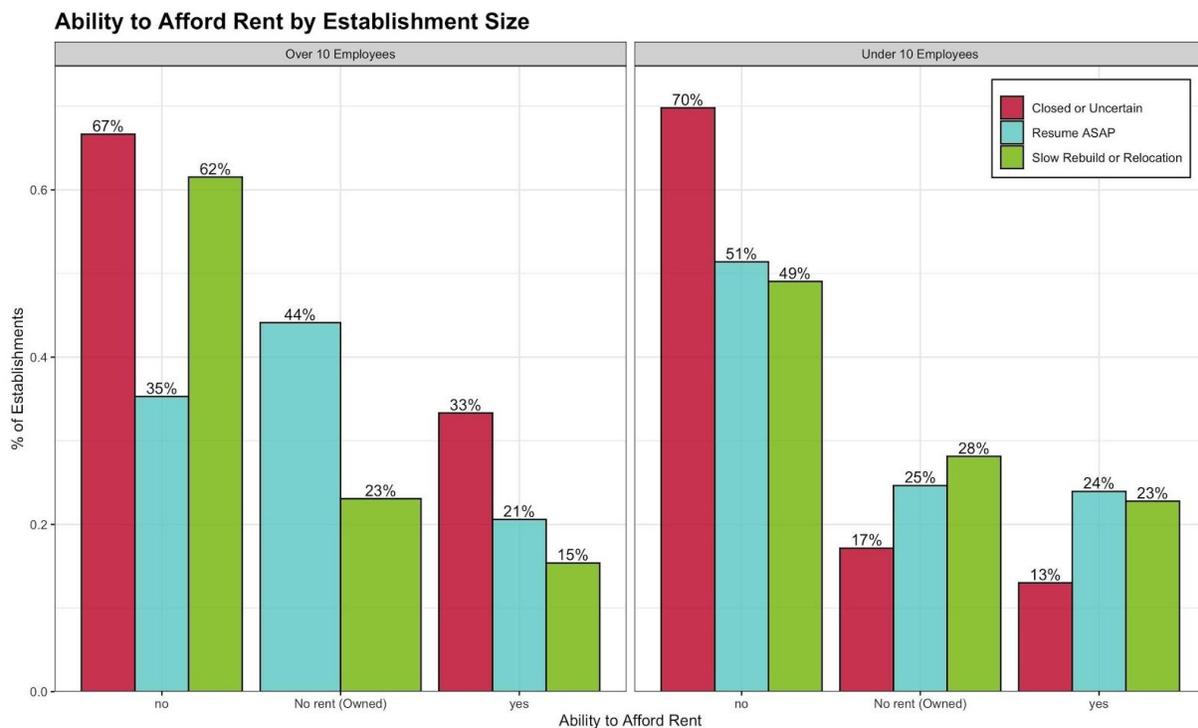


Figure 11. Ability to afford rent by employment size. Note that smaller establishments planning to close or with uncertain future plans disproportionately (+20%) cannot afford to pay rent. A very high rate (~60%) of larger establishments planning to close or requiring an extended rebuilding period are unable to pay rent.

## Assistance Modalities

The proportion of establishments that requested assistance and the preferred assistance modality of businesses varied among size and sector. The **majority of surveyed establishments did not apply for relief from the Higher Relief Council**, likely as a result of 1) a large number of

informal, unregistered businesses and 2) the timing of the survey one week after the blast, resulting in businesses not having had enough time to apply.

Smaller establishments applied for assistance from the Higher Relief Council at a much lower rate (-14%) than larger businesses. Administration/finance (86%) and education (56%) were the only industries with a majority of establishments that applied for assistance from the Higher Relief Council.

The largest proportion of establishments that applied for assistance from the Higher Relief Council were located in Gemmayzeh, Geitaoui, Mar Maroun, Mar Mikhael, and Yesouieh. The geographic distribution of assistance applications, shown in Map 4, centered on highly commercial neighborhoods near the blast site and more importantly, closely follows the distribution of the proportion of surveyed establishments that were registered (formal). In fact, a smaller proportion of informal businesses applied for assistance with the Higher Relief Council.

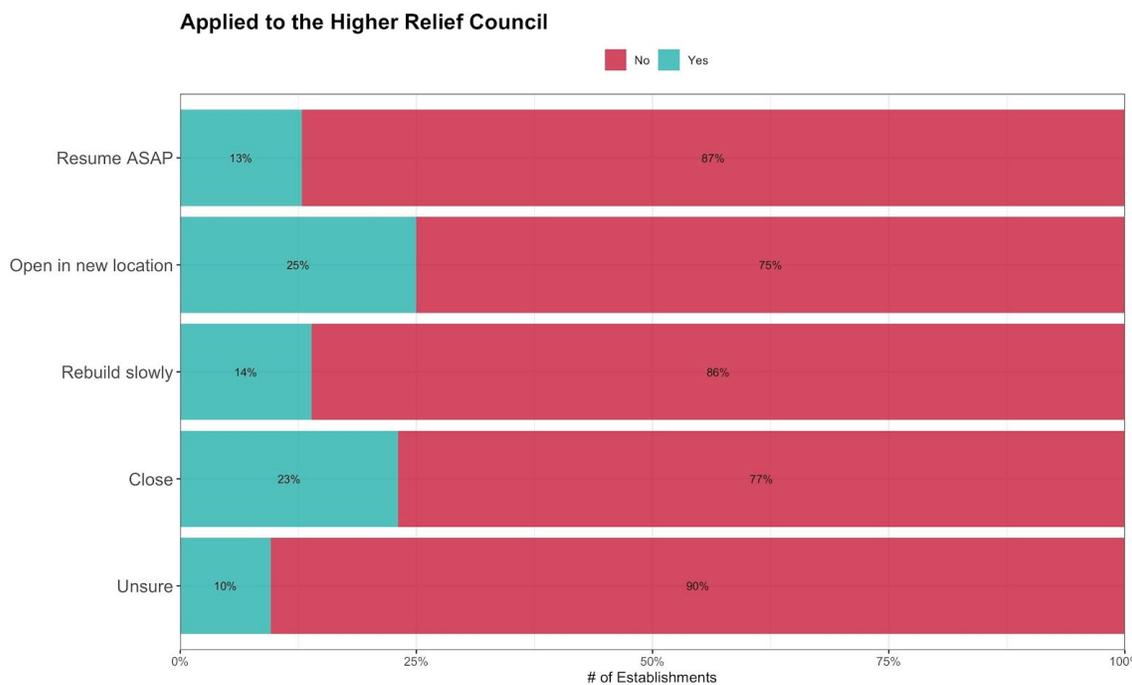
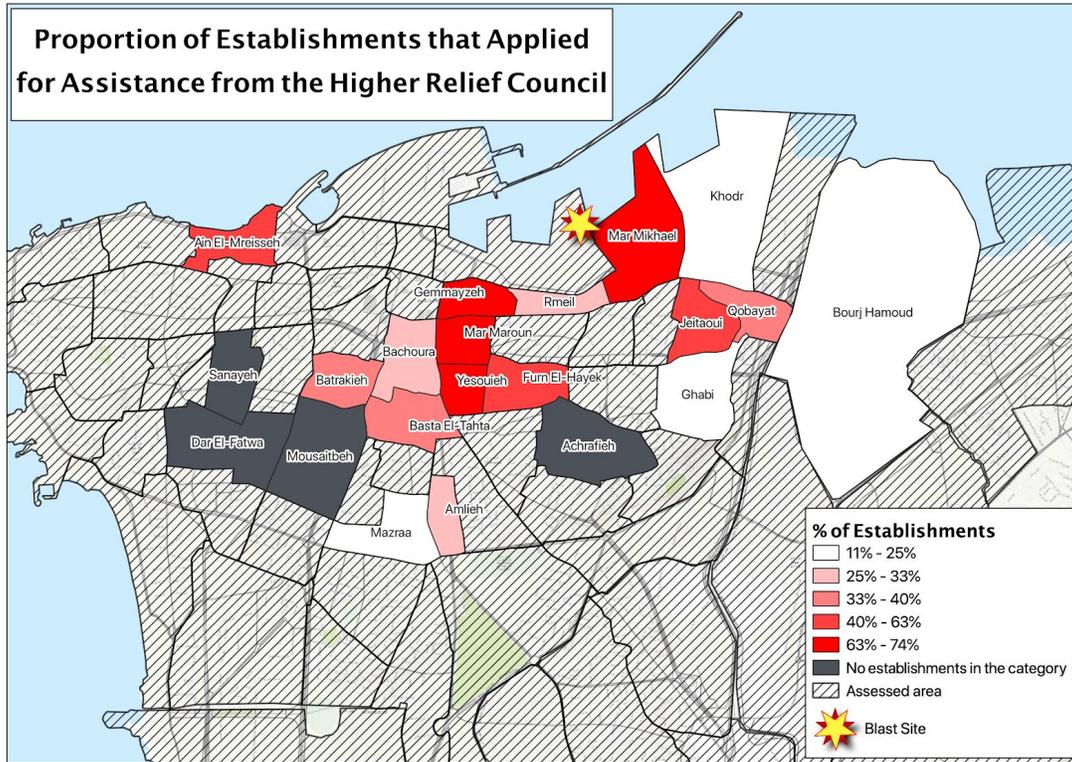


Figure 12. Applications to the Higher Relief Council; enterprises with plans to close or relocate are more likely to have applied for compensation from the Higher Relief Council than businesses with plans to resume operations.



Map 4. Geographic distribution of establishments that applied for assistance from the Higher Relief Council. Note that the highest proportions are located in highly commercial areas near the blast site.

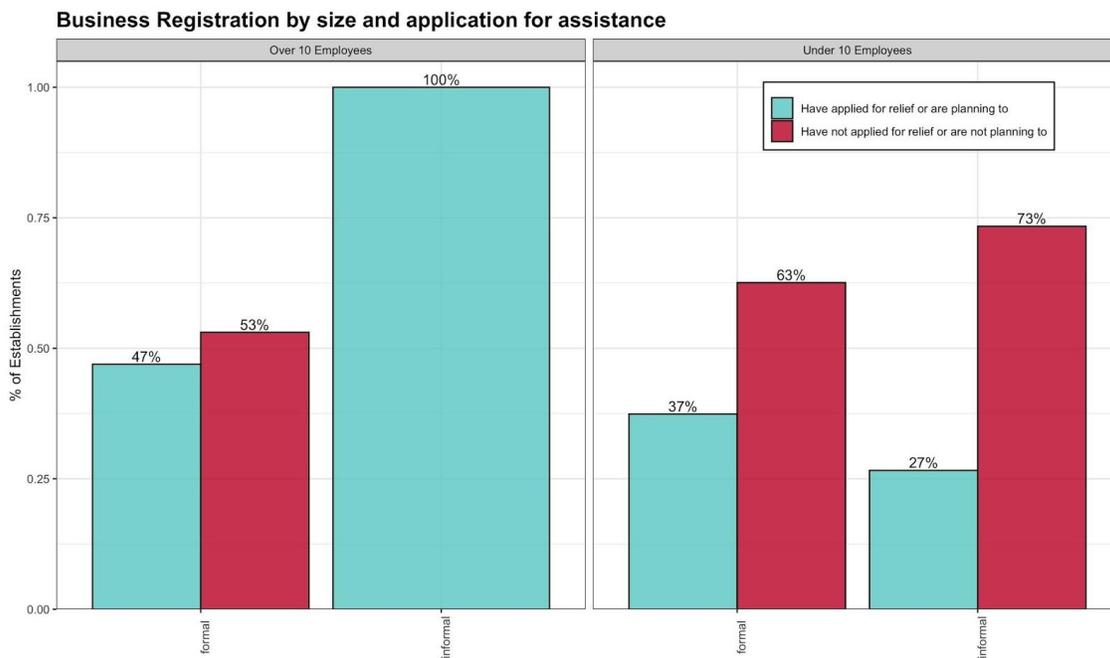
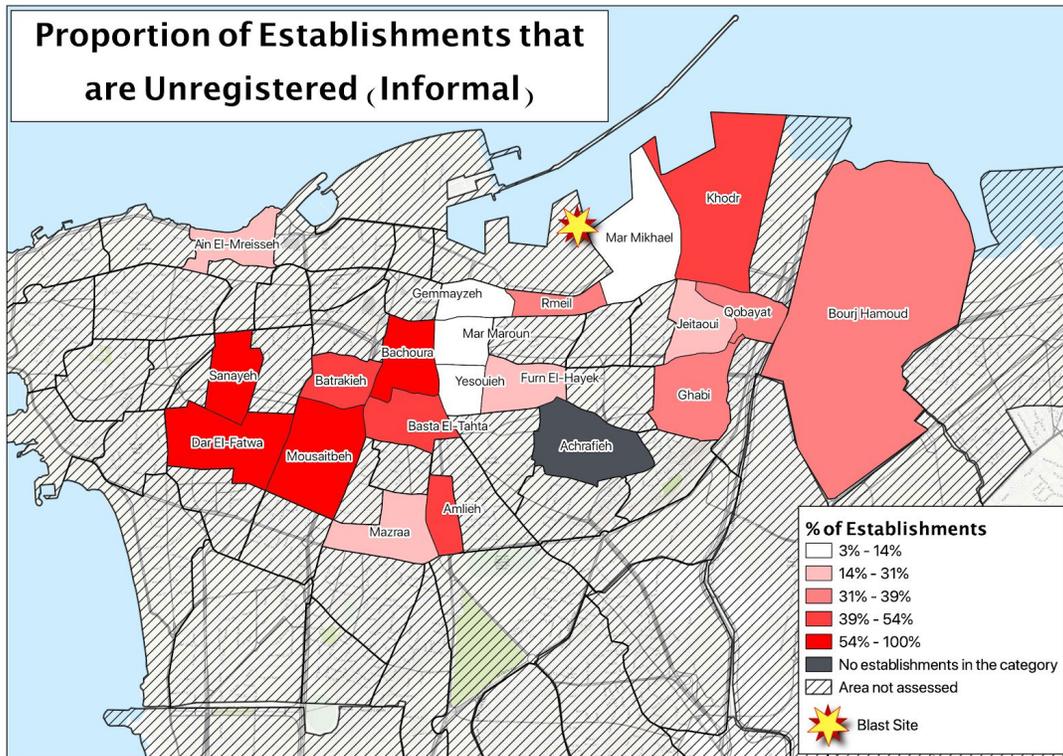


Figure 13. Business registration by application for assistance. Note that smaller establishments are less likely to apply for assistance than larger businesses; particularly, 10% less very small informal establishments applied for assistance than smaller formal establishments.



Map 5. Geographic distribution of assessed informal establishments. Note that the lowest proportions are in highly commercial areas.

Seventy-six percent of surveyed business owners reported preferring cash as a primary assistance modality. **Establishments of all sizes and most categorizations overwhelmingly prefer cash as an assistance modality.** However, a considerable minority of smaller establishments prefer direct assistance<sup>19</sup> as a secondary assistance modality (+18%), compared to larger establishments. No differences in preference were noted between male and female business owners.

While establishments that plan to close or reopen slowly also prefer direct assistance at noticeably higher rates than establishments that plan to immediately reopen, cash assistance remains the assistance modality most highly preferred by these establishments, as with other establishments.

## RECOMMENDED AREAS OF INTERVENTION

In the wake of the Beirut explosion and the continuing effects of nationwide economic contraction, the survival of local small and medium-sized establishments is contingent on their

<sup>19</sup> Direct rehabilitation by an agency, rather than cash or voucher assistance

financial capacity to rebuild and operate profitably. **Smaller and younger establishments are the least resilient to these challenges due to more restricted access to capital, less capacity to absorb losses, and less-predictable clientele.** Large establishments have also suffered; however, **assistance for larger businesses should center on ways to hasten the rebuilding process;** for example, building and equipment repair and inventory recovery.

Low rates of applications to the Higher Relief Council and strong indications from most of the surveyed MSMEs that they will not be able to fully recover without external support highlights the need for increased support from relief organizations. Cash assistance is strongly preferred among the surveyed business owners. **Rent assistance should also be included in recovery packages for businesses of all sizes** to focus existing resources on capital recovery, **particularly the ability to retain and pay current employees.** Many businesses may also be taking on debt to repair their premises, and support packages **must account for accumulation of debt.**

## Potential Points of Intervention

- Because of the broad range of damage reported, **cash assistance would prove to be the most adaptive type of support.** With unpredictable fluctuations in the value of the Lebanese pound, **USD would be crucial in ensuring more rapid reconstruction and resumption of business operations.** It is also the most-preferred assistance modality reported by surveyed business owners. Cash assistance would allow business owners to cover their needs and, even when the amount received does not cover all of their needs, to prioritize what they consider to be most urgent, be it repairs, equipment and inventory replacement, rent, debt repayment, or other immediate needs. Following an emergency, it is important that survivors are given control over as many aspects of their recovery as possible.
  - **The majority of businesses reported not being able to pay their rent** after the blast. This will most likely continue to be the case in the second month after the blast (September). Therefore, the amount of cash assistance provided should **factor in the cost of rent** in addition to the visible infrastructural damage.
  - **Cash assistance should be unconditional,** and as such, grant sizes may vary based on needs, highlighting **the need for a strong referral system** to ensure that all damaged businesses are equitably supported.
  - **Employee salaries** may continue to be a sore point for many businesses and should be considered when calculating assistance amounts. Businesses that are not fully

- operational in the month after the blast may not generate the necessary income to cover their employees' salaries, which might lead them to lay off some of them, further exacerbating the economic impact of the blast on affected communities.
- The **majority of business owners are un-banked**, so agencies aiming to distribute cash should seek alternative models for disbursement of assistance (e.g., direct provision of cash or provision of cash through money transfer agencies).
  - No major differences between the preferences and needs of women-owned and men-owned businesses were reported.
  - Consider **assisting smaller (<10 employees) and/or younger businesses (<5 years old)**, which are more likely to close down as a result of the blast.
- As smaller and younger businesses report struggling to re-open on a larger scale than bigger and more well-established businesses do, there may be **need for business development support and technical assistance** in addition to cash assistance.
  - **Support should not be linked to business registration status.** Target informal businesses, in addition to formal/registered businesses, where possible, to ensure that women-owned businesses, which are more likely to be informal than their male-owned counterparts, are included in the intervention. Informal businesses also represent a large subset of businesses affected by the blast.
  - The majority of businesses that employ at least one person employ mostly Lebanese men on average. **Female employees tend to be more commonly found within the retail sector than other sectors.** Additionally, targeting **Syrian workers is recommended through the food (groceries, restaurants, butcheries) and retail sectors.**
  - As 56% of businesses have had their inventory either completely destroyed or partially damaged because of the blast, **organizations should consider prioritizing facilitation of market linkages between relevant suppliers and affected businesses** during the recovery or transition phase. This can help to address livelihood recovery through locally-driven supply chain restoration/improvement and the promotion of market linkages.

## CONTACT

**Rafael Velasquez Garcia**

Country Director

[rvelasquez@mercycorps.org](mailto:rvelasquez@mercycorps.org)

**Jeffrey Shannon**

Director of Programs

[jshannon@mercycorps.org](mailto:jshannon@mercycorps.org)

### About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



45 SW Ankeny Street  
Portland, Oregon  
97204  
888.842.0842  
[mercycorps.org](http://mercycorps.org)